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P 110548Z MAY 06
FM AMEMBASSY AMMAN
TO RUEHC/SECSTATE WASHDC PRIORITY 0247
INFO RUEHGB/AMEMBASSY BAGHDAD PRIORITY 3001
RUEHBJ/AMEMBASSY BEIJING PRIORITY 0078
RUEHLM/AMEMBASSY COLOMBO PRIORITY 0075
RUEHKA/AMEMBASSY DHAKA PRIORITY 0057
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUEHGV/USMISSION GENEVA PRIORITY 0508

C O N F I D E N T I A L AMMAN 003327

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STATE PASS TO USTR

E.O. 12958: DECL: 05/11/2021

TAGS: ETRD KIPR ELAB JO IZ

SUBJECT: JORDAN'S INDUSTRY AND TRADE MINISTER ON QIZ LABOR ALLEGATIONS, TRADE ISSUES, AND IRAQI PHOSPHATES

REF: A. AMMAN 3257
 B. AMMAN 1199
 C. 05 AMMAN 4297

Classified By: AMBASSADOR DAVID HALE FOR REASONS 1.4 (B & D)

11. (C) SUMMARY: Jordan's Minister of Industry and Trade Sharif Zu'bi told visiting Commerce Department official Peter Hale that he expects the GoJ to take further actions within the next days against several garment manufacturing companies accused of violating foreign workers' labor rights. These violations were committed by a small number of companies and subcontractors. On Jordan's DAMAN pre-inspection program which has constituted a non-tariff barrier to trade, Zu'bi said the contract with the company running the program will not be renewed. On IPR, Zu'bi is proposing setting up an independent government body to centralize all aspects of IPR, including enforcement and training. On developing phosphate resources in Iraq, Zu'bi said he had discussed the issue with the relevant Iraqi minister that day, and that the deputy in the ministry would come to Jordan shortly to pursue the issue with the GoJ. END SUMMARY.

The QIZ Labor Allegations

12. (C) On May 9, Jordan's Industry and Trade Minister Sharif Zu'bi told Commerce official Peter Hale that the National Labor Council report of allegations of abuse of foreign workers was "extremely damaging." The government had been aware of abuses for some time, with over 3,000 citations of violations issued last year. However, he stressed that Jordan's labor laws were up to international standards, and had been verified by the International Labor Organization (ILO) a number of times. The GoJ has been challenged by the rapid increase in the amount of garment manufacturers in the Qualifying Industrial Zones (QIZs), and the Ministry of Labor (MOL) continues to face many challenges in keeping up with the workload. Zu'bi expects reports from both the MOL and the private sector to be released in the next few days. He further expects the GoJ's official response to be serious and include the closure of factories not meeting Jordanian standards. He said the government will also review environmental issues related to the QIZs, including what he called "blue water" (the wastewater produced by washing garments). NOTE: An U.S. EPA expert on industrial waste on secondment to the Ministry of Environment (MOE) as a Science Fellow will look into this issue promptly and into MOE's response to it. END NOTE.

¶13. (C) Zu'bi said he would be traveling to the U.S. in the next couple of weeks to meet with major U.S. buyers and with USTR to assure them both that the GoJ is moving quickly to investigate the allegations and take strong measures against companies shown to be violating Jordan's laws. He added that an ILO team is in Jordan at the moment to investigate the allegations. Zu'bi said that the answer for Jordan in the long-term is to replace all of the foreign workers in these factories with Jordanians. He cited the government's recently-launched training program under which the government pays the salaries of Jordanian trainees in QIZ factories for six months while they are receiving on-the-job training.

¶14. (C) Zu'bi stressed that the violations were committed by a small number of companies in the QIZs, most of them smaller companies or sub-contractors. The exports from the bad actors constituted less than 20% of the total exports from QIZs. Responding to allegations that foreign laborers had not been paid salaries due them before they left Jordan, he said the government would ensure that companies would pay back wages to workers who were shown to be owed such wages. Zu'bi noted that allegations of trafficking in persons (Bangladeshis paying \$1,000 to \$3,000 to get a job in Jordanian factories) was an issue to be pursued by the Bangladeshi government. When the GoJ invited embassy representatives from the various nationalities concerned to visit the factories, no one from the Bangladeshi Embassy in Jordan responded, according to Zu'bi.

Trade Issues

¶15. (C) Hale also raised a number of bilateral trade issues with Zu'bi. Zu'bi reported that Jordan was preparing a revised Jordanian offer at the WTO on a Government Procurement Agreement. The revised offer would be submitted in early June, and would address most of the issues currently under discussion. He asked for any help the USG might be able to give with the EU, especially with respect to protections for small and medium enterprises.

¶16. (C) Turning to IPR issues, Zu'bi asked the head of Jordan's Food and Drug Administration, Dr. Salah Muwajdeh, to report on progress. Muwajdeh asserted that many pharmaceutical products enjoy data protection in Jordan, and referred to on-going exchanges on IPR with USTR (ref A and previous). The GoJ is working on resolving the remaining problems. He added that the government would no longer interfere in the pricing of over-the-counter drugs.

¶17. (C) Zu'bi stressed that the challenge for the GoJ is to introduce ex officio (based on the powers of an official's office) powers for the government to seize counterfeited and pirated goods. The government is also currently working on suspending the release of suspect goods. However, the ex officio powers of Jordan's Customs service are partial and need to be strengthened.

¶18. (C) Jordan's main problem with respect to IPR, Zu'bi continued, is that there are six agencies in charge of monitoring Jordan's IPR law. Most of these agencies lack capacity for monitoring and enforcement. Zu'bi said he is working to establish a single independent agency in charge of all IPR areas. The agency would be charged with enforcement, but also with IPR-related training and education. He said establishing such an agency will require legislation.

¶19. (C) Hale then raised DAMAN, the pre-inspection program which has proved to be an expensive non-tariff barrier to trade. Zu'bi stressed that the program had been established to protect Jordanian consumers against counterfeit goods from China and the UAE. Under its contract with the French company, Bureau Veritas (BV), laboratories are being established to inspect the four categories of goods covered by DAMAN: new automobiles, electrical goods, toys and protective equipment. Zu'bi reported that laboratories have

already been opened for cars and electrical goods. The lab for inspecting toys should be open by fall 2006 and that for protective gear by September 2007.

¶10. (C) Zu'bi said that the government has "no intention to renew the program." NOTE: The BV contract expires in September 2007. END NOTE. The head of the Jordan Institute for Standards and Metrology (JISM; the agency responsible for running the DAMAN program), Yasin Khayat, said that under its Jordan-EU Association Agreement, there was a twinning program with Germany for strengthening institutions, in the areas of accreditation, standardization, conformity assessment, metrology and market surveillance. The program with JISM will last from October 2005 to October 2006, and JISM will adopt European directives in those areas. JISM's regulatory law will need to be amended, and the Accreditation Law - at the legislative bureau which reports to the Prime Minister since 2003 - will also have to be in place as must a consumer protection law. Hale cautioned that the standards adopted should be based on international and not German ones.

¶11. (C) Khayat said that DAMAN was now operating under a risk-based system. Two hundred importers had been exempted from the program because of the demonstrated low risk of their products to consumers. Khayat said no U.S. companies were currently required to send their products through DAMAN. The inspection done on the products is visual.

Iraqi Phosphates

¶12. (C) Hale also raised development of Iraq's phosphate deposits, noting that current mining there was operating at only 10% of capacity. Zu'bi had discussed the issue that morning with the Iraqi Minister of Industry and Mining when both were attending the Rebuild Iraq conference hosted in Amman. The Iraqi minister said he would send his deputy to meet with officials at Jordan's Ministry of Industry and Trade to discuss potential Jordanian-Iraqi collaboration in developing the Iraqi resource. NOTE: The issue had been raised earlier this year during King Abdullah's meeting with Commerce Secretary Gutierrez. END NOTE.

¶13. (U) Peter Hale cleared this cable prior to departure.
HALE